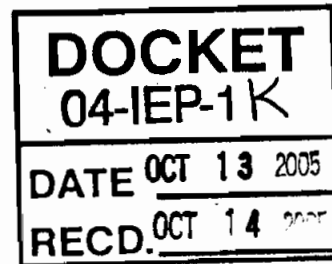




October 13, 2005

John L. Geesman,
Commissioner and Presiding Member
James D. Boyd,
Commissioner and Associate Member
California Energy Commission
1516 9th Street, MS-39
Sacramento, CA 95814



Re: 2005 IEPR - Docket # 04-IEP-1

Dear Commissioners Geesman and Boyd:

As members of the California Global Warming Action Coalition (GWAC), our organizations salute the Energy Commission's efforts to define a thoughtful and responsible energy strategy for California. We appreciate this opportunity to provide comments on Chapter 4 of the CEC's draft Integrated Energy Policy Report (IEPR) for 2005, relating to the state's coal and electricity procurement policies.

Decades ago, California recognized the environmental and economic risks of long-term investments in coal-based electricity generation in this state. While no new coal plants have been constructed in California, we are concerned about shifting the local environmental impacts to other states, as well as our own economic and environmental risks in the face of inevitable requirements to reduce carbon emissions. We believe California should take responsibility for all of the electricity we consume - not just that which is generated in-state. California has an impressive history and much experience with technology-forcing regulations that accelerate the introduction of innovative new technologies to reduce air pollution and greenhouse gases, and increase efficiency in the mobile and stationary source sectors. We believe that California must continue its rich history of leadership in energy and environmental policy, and not yield to the coal interests that influence the Western Governors' Association's Clean and Diversified Energy Advisory Committee (CDEAC).

Protecting the environment should be recognized as one of California's primary energy policy goals.

The Executive Summary of the IEPR currently describes the state's energy policy goals as "ensuring adequate, affordable, and reliable energy." (p. E-2) There is one essential policy goal missing: protecting the environment. This goal is expressed repeatedly throughout the legislation requiring the IEPR (Senate Bill 1389, Statutes of 2002, Chapter 568), and featured prominently in the recently-adopted Energy Action Plan II, which states: "Our overarching goal is for California's energy to be adequate, affordable, technologically advanced, and environmentally-sound." We urge the CEC to correct this oversight in the IEPR, by revising the sentence on page E-2 to read: "...to meet the state's policy goal of ensuring adequate, affordable, and

reliable, and environmentally-sound energy services." and revising other similar passages in the IEPR (for example, page E-11).

Resource requirements should be prioritized based upon economic and environmental risk.

Energy efficiency should always be the state's top resource priority, followed by renewable energy, and finally fossil generation, using the cleanest, best available technology.

Adopt the Greenhouse Gas Performance Standard without offsets.

We strongly support the Greenhouse Gas Performance Standard proposed in the draft IEPR and elaborated upon in Chairman Desmond's memorandum of September 22. This policy is needed both to achieve the Governor's GHG reduction targets and to protect Californians from the significant financial risks associated with additional investments in highly carbon-intensive generating technologies. We oppose the use of offsets to meet the standard, because it would greatly diminish the risk mitigation benefits of the policy and significantly blunt the incentive for technological advancement. Indeed, California's stated commitment to greenhouse gas emissions reductions would be thrown into question were we to base that commitment on the reliance upon questionable offsets that encourage long-term investment in conventional coal technology that fails to address carbon emissions.

All of the State's energy consumers must share in our commitment to a sustainable energy future.

To meet the statewide energy saving targets, we must ensure that the publicly-owned utilities (POU) provide at least a proportional share of the savings. Although the state's investor-owned utilities have recently made significant progress at capturing all cost-effective energy efficiency through the CPUC's process, the POUs have not made similar advances. In order to meet the statewide energy saving target, the POUs must provide about one-quarter of the energy savings, representing an eight-fold increase from the energy savings currently reported by the POUs. These energy savings are a cornerstone of the state's efforts to provide customers with affordable energy services and to meet the Governor's GHG reduction targets.

While several GWAC organizations will provide detailed comments related to this and other sections of the IEPR, we appreciate this opportunity to present our general recommendations for the state's energy procurement policies.

Sincerely,

V. John White
Center for Energy Efficiency and Renewable
Technologies

Todd Campbell
Coalition for Clean Air

Ralph Cavanagh
Natural Resources Defense Council

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